GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2686
ANSWERED ON:17.03.2006
PURCHASE PROCEDURE
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Will the Minister of FINANCE be pleased to state:

(a) whether the General Financial Rule (GFR)-2005 is silent on some areas of purchase procedure leaving it to the discretion of the indenting agency;

(b) if so, details of internal regulations framed and followed by each Ministry/Department /Undertaking etc. to guide their respective purchase procedures and also details of procurement made by each of them since implementation of GFR, 2005;

(c) whether the Union Government identify areas in the GFR-2005 which leaves room for manipulation by dishonest officials;

(d) if so, the details thereof;

(e) if not, how the Government propose to bring in transparency, fairness, competition and elimination of arbitrariness in the procurement process;

(f) whether Earnest Money Deposit (EMD) is required to be asked for the whole tender;

(g) if so, how does Government make/decide to make room for petty traders to participate in the tenders;

(h) whether commitments made by the Government over the last five years has been overlooked later on;

(i) if so, the details thereof; and

(j) if not, the manner in which the GFR-2005 is consistent with the previous commitments of the Union Government?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a) & (b) : The General Financial Rules, 2005 contain only the general rules applicable to all Ministries/Departments for procurement for use in public service. Detailed instructions in this regard may be issued by the procuring departments in conformity with these general rules. However, no centralized information as regards the internal regulations framed by various Ministries /Departments/Undertaking is maintained.

(c) to (e) : GFRs, 2005 make it imperative on the procuring authority to bring efficiency, economy and transparency in public procurement for fair and equitable treatment of suppliers and promotion of competition in public procurement. Rule 137 lays down the various yardsticks to be followed by the procuring agency to ensure these aspects.

(f) & (g) : As per GFRs, 2005, Earnest Money is to be obtained from the bidders other than the exempted categories, ranging between 2% to 5% of the estimated value of the goods to be procured, in the case of advertised or limited tender inquiry. The exact amount of EMD is to be determined by the concerned Administrative Ministry/Department and indicated in the Bidding Documents.

(h) to (j) : GFRs, 2005 have been formulated after wide consultations and extensive review carried out in consultation with various Ministries/Departments of Government of India with a view to giving greater flexibility in transaction of Government business while ensuring accountability commensurate with responsibility at different levels of the Government.